



**THE OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

NEWS

FOR IMMEDIATE RELEASE
October 4, 2011

Connecticut State Treasurer Denise L. Nappier issued the following statement today.

“Recent news and Internet reports regarding Connecticut pension profits and investments in Taiwan have been misleading and inaccurate. More than \$13 million in profits from Connecticut investments made in Taiwan during the last seven years is not only safe and secure, but are generating solid investment returns.

Statements made that any part of these profits and investments are unavailable to Connecticut’s pension fund are baseless and outright wrong.

Connecticut’s Taiwan investments are not sidelined waiting to be repatriated, as some have reported. The issue at hand is one of *reporting* dividends, interest and capital gains to Taiwanese officials, not *repatriating* funds from Taiwan.

More importantly, the State’s investments in Taiwan continue to generate impressive returns. Connecticut’s investments are part of a broader emerging markets strategy managed by highly competent and skilled money managers. The merits of investing in these markets can be seen in the numbers. During the past seven years, the emerging markets equity portfolio has posted annualized returns of 17.33 percent, or \$230 million as of July 31, 2011. That sum represents the highest performing asset class in our pension fund.

So, while Connecticut’s pension funds remain safe and fully invested in these markets -- including the reinvestment of interest, dividends and capital gains -- there may come a time at some point in the future we may decide to make a strategic shift in the asset allocation as a means of reducing exposure to emerging markets.

In that event, as the State Auditors’ report suggests, we would need a Taiwan-based tax agent in order to reallocate certain funds. That is why we have and continue to agree with the Auditors and are working to fully resolve these issues.”

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